

Sanitized Copy Approved for Release 2010/02/23 : CIA-RDP87M00539R000400480004-9

CONTROL NO. \_\_\_\_\_

CROSS REF: EL 85-1698+11

PRIOR PAPERS ON THIS SUBJECT: NO ☒ YES

PRIOR CORRES SENT TO: \_\_\_\_\_

OTHER COMMENTS: Rog & file

Sent OIR 16 to DDC

EXECUTIVE REGISTRY FILE NO:

B-219 CROSS REF: \_\_\_\_\_

Sanitized Copy Approved for Release 2010/02/23 : CIA-RDP87M00539R000400480004-9

SECRET,

25X1

The Director of Central Intelligence  
Washington, D.C. 20505

National Intelligence Council

NIC #02176-85  
25 April 1985

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Fritz W. Ermarth  
National Intelligence Officer for USSR

SUBJECT: A Political Input on the US-Soviet JCC Meeting

1. The following observations are offered in addition to Dave Low's contribution, on which I have no specific comments.
2. US decisions on the JCC meeting and the meeting itself seem likely to take place in an atmosphere of deteriorating US-Soviet relations:

The Gorbachev leadership is facing the US at the moment from a fairly pugnacious posture. The reasons are several:

An internal political need for Gorbachev to look tough.

A belief that after several years of ineffectual Soviet policies, during which the Reagan Administration pursued hard-line policies toward the USSR, Moscow now seems to believe it has to teach Washington some "respect."

A possible belief in Moscow that Reagan's foreign policy troubles (Bitburg, Contras, MLM) and the US deficit (as Gorbachev suggested to O'Neal) give the Soviets a new chance to put the Administration on the defensive.

The US will take action on the Nicholson killing; the Soviets will do something in return.

25X1

CL BY SIGNER  
DECL OADR

SECRET,

DCI  
EXEC  
REG

25X1

B-219

SECRET 

25X1

3. There is a fair chance, it seems to me, that by the end of May the atmosphere will be such that holding the JCC meeting will look out of joint with the rest of US policy. Policymakers will want to consider early the possible conditions under which they may want or have to cancel it. I'm not making the case for cancellation, but rather for some political contingency planning so that a decision to cancel doesn't look like a knee-jerk reaction or forced by external events on an indecisive government, or a decision to proceed appear inconsistent or irresolute.

4. As to the fundamental matter of US-Soviet trade prospects, the mid-term outlook is not very promising in any event except for a few select firms.

For political and economic reasons, the Soviets are going to be very careful to hedge against heavy reliance on US suppliers of both capital or agricultural goods, even if they increase imports substantially.

The areas where they are most eager to come to us will be the high technologies we are most reluctant to sell.

5. The Soviets want for political reasons to encourage the view among business lobbyists that there is a big market for the US in the Soviet Union. There really is unlikely to be one unless some very unlikely political conditions are met:

A broad and lasting atmosphere of detente.

A wholesale loosening of US policies on technology transfer.

6. Meeting these conditions will require either a fundamental shift of Administration policy toward accommodation to the USSR, or a fundamental shift of Soviet policy in that direction toward the US. As long as the relationship is frosty or oscillating around the middle of the spectrum, the Soviets will tend to take their business elsewhere.

  
Fritz W. Ermarth

cc: DCI  
C/NIC  
VC/NIC  
NIO/ECON

SECRET 

25X1